

THE COSTS OF DISADVANTAGE  
REPORT TO  
THE LEARNING SKILLS  
DEVELOPMENT AGENCY

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# THE COSTS OF DISADVANTAGE

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## Contents

	page number
EXECUTIVE SUMMARY	1
1. INTRODUCTION	6
2. WHAT IS DISADVANTAGE?	7
Introduction	7
Scope and definitions	7
Attainment as an indicator of disadvantage	8
Use of other proxies to indicate disadvantage	9
3. MEASURING THE LEVEL OF DISADVANTAGE	13
Specific factors	13
Social class	14
Post-codes	14
4. APPROACHES TO FUNDING	17
Introduction	17
Promoting engagement	18
Retention and achievement	19
Conclusion	20
5. HOW DISADVANTAGE CAN BE ADDRESSED	21
Promoting engagement	21
Supporting retention and achievement	25
6. ILLUSTRATIVE COSTS	34
Which activities should be costed?	34
Costing method	38
Conclusions on costs	39

## Appendices

A. Individuals interviewed	44
B. References	45
Table 1. List of proxies or indicators of disadvantage used by different agencies	47
Table 2. Sources of funding for WP activities	48

## EXECUTIVE SUMMARY

### Introduction

1. This report considers the costs of disadvantage as they affect learning providers (FE colleges and VI Form colleges), and their implications for funding policy.
2. We were commissioned by FEDA (now LSDA) in October 2000. The aims of the study were:
  - to clarify a working definition or definitions of ‘disadvantage’ in the context of the provision of learning and skills;
  - to identify the additional costs necessarily incurred by learning providers when making appropriate provision for one or more groups of disadvantaged learners;
  - to distinguish those costs which are, or should be, reflected through existing aspects of the funding methodology (e.g. cost weighting factors, or additional individual support) from those which are not currently recognised;
  - to make proposals as to how these costs might most appropriately be reflected in a funding model.
3. This was a short, high-level study, to clarify the issues and indicate the scale and scope of the costs. The main work consisted of interviews with staff in colleges and others during October and November 2000, and a workshop held on 30th November 2000.
4. The study was undertaken in the context that the LSC is just taking over responsibility from the FEFC for funding, and is developing its new funding model. The LSC has a wider remit than the FEFC, encompassing all Sixth Form funding, and work-based learning, as well as FECs and VI colleges. This study focuses on the FE college sector, but does not therefore cover the whole remit of the LSC.
5. The study focuses on costs which are primarily addressed by the widening participation (WP) factor in the FEFC (and now LSC) model. This factor is an explicit formula element for disadvantage – applied as a percentage uplift on other funding (determined by length and subject of course), and intended to cover additional educational need, but not the specific educational needs of a particular individual (which are covered by a different mechanism the ASM).

### Defining and measuring disadvantage

6. We suggest that disadvantage could be defined as those circumstances which cause individuals to fail to engage with education or to attain at the levels which could otherwise be expected.
7. Educational attainment (or lack of it) is therefore apparently attractive as a measure of disadvantage. However, in practice this approach has a number of difficulties including the range of variation within the “normal” population, and general absence of suitable norms against which to measure attainment.
8. The alternative is to use indicators or proxies which focus on the factors which cause disadvantage (such as poverty), rather than the outcomes in terms of (non) attainment. This approach has to take account of the fact that something which causes disadvantage for one individual may not do so for another. We therefore have to consider a combination of two different types of factors:
  - circumstances which can make educational attainment more difficult (e.g. disability, poverty, lack of suitable provision);
  - an individual's response to these (motivation).
9. Both elements are difficult to measure, and they do not necessarily or directly represent disadvantage. They can be said to tend to predispose towards disadvantage for many individuals (but not for all). Given these unavoidable ambiguities, it is inappropriate to seek precise measures. Post-code indexes are probably the best single indicators of potential disadvantage, but they do not define or measure it in any absolute sense.

### Policy and funding

10. We assume that the task of policy is to encourage and enable education providers to identify individuals or populations which are likely to be disadvantaged, and to support them in engaging with education and reaching appropriate levels of attainment. There are two main aspects to doing this for colleges:
  - a. supporting individuals and groups of students who are already enrolled in FE, but need extra support to progress and achieve to their potential;
  - b. identifying groups and communities which are under-represented in formal further education, and promoting an engagement with education.
11. There are a number of different ways of viewing any specific additional funding for disadvantage that is made available to colleges to support these activities:
  - as a statement of policy intention (disadvantage is an important subject of Government policy which colleges should address);
  - as a reward or incentive to colleges which are actively involved in addressing disadvantage;
  - as a compensation for additional costs incurred.

12. The implications of these in terms of measurement and accountability would differ. However, FEFC policy was to fund additional costs, and the aim of the study was to enable us to estimate the magnitude of such costs and to consider how well they are, or can be, covered through a formulaic approach like the WP factor.

### College activity to address disadvantage

13. Many colleges have experience of both the areas of activity in paragraph 10. The first, dealing with retention and achievement, can be viewed as an extension of the “normal” support provided to students, and it is reasonable to fund this by an uplift factor on the normal funding per student.
14. The second area is rather more difficult to measure and fund. In the main, it is a different type of activity from “normal” provision, and requires particular skills and activities that are not the traditional teaching and curriculum development role of FE lecturers. The work is more akin to marketing and relationship-building, and mostly happens off college premises, and often outside of “normal hours”. The type and level of effort required is determined by the needs of the (under-represented) communities, not by the number of disadvantaged students actually in the institution.
15. We review the main activities which colleges with relevant populations and students might undertake in order to address disadvantage, and we identify a set of measures which are already present in parts of the sector and which could be regarded as good practice in this field. These cover the broad areas of activity listed below.

- planning
- work with schools and communities
- marketing
- curriculum structure and educational framework
- admissions process
- induction
- tutoring
- pastoral support
- financial support
- private study facilities
- group sizes
- dealing with attrition.

### Costs

16. Our work involved reviewing the costs of each of the activities listed in paragraph 15. In order to determine the level of additional costs that would justify special funding it is necessary not just to look at the full costs incurred by colleges but to allow for the facts that:
  - there is no standard way to deal with disadvantage – different students and different communities need different approaches with different resource implications. Colleges should be encouraged to be flexible and creative in this area, and funding should not pretend to be a precise reflection of cost;
  - colleges already do some of this work as part of their mission of social inclusion and lifelong learning;
  - some of the extra work done by colleges in this field is already funded by other sources.
17. Allowing for these points, we have developed a simple costing model, based on a number of “reasonable assumptions” about the additional costs for a college, with a significant population of disadvantaged students, which is broadly implementing good practice in each of the areas listed in paragraph 15. This model suggests that the combination of all these measures might add the equivalent of a premium of about 20-25% to the cost of provision to existing disadvantaged students. This indicates the order of magnitude of extra funding that might be justified on the basis of costs (incentive funding would be in addition to this). However, as noted above, funding for work to increase engagement with education is not most sensibly expressed as a percentage on the costs of students already in the college.
18. This figure is very sensitive to the assumptions made about types of activity, levels of activity, and numbers of students, and these could be tested by further research. During the study one college completed a review of its own costs, independently of our calculations, and reached a total figure that is just above the band we have estimated above.

### Conclusions and possible further work

19. We conclude that, for a college with approximately half its student population disadvantaged (as defined by the WP factor), the extra costs of adopting good practice in terms of engaging with communities and supporting students is approximately 20-25% of total funding per disadvantaged student.
20. Although this finding is robust as a broad indication of cost levels (and this is all that can be expected given the factors in paragraph 16), it could be helpful, as a short-term follow up to this report to validate our conclusions through a small managed survey of a group of suitable colleges.

## THE COSTS OF DISADVANTAGE

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21. If the aim of policy is to relate additional funding for disadvantage to actual costs incurred, it could be most appropriate to envisage two separate elements to such funding:
  - a. an uplift per disadvantaged student (like the WP factor) which reflects the extra costs of supporting students who are already enrolled with the college, and is most fairly paid on a qualifying student numbers basis. This could, however, be paid as a set amount per student, rather than as a percentage of all other funding;
  - b. a factor which reflects the effort required in marketing and other work with disadvantaged communities. This cannot sensibly be awarded as a payment per student, since the costs are driven by the difficulty of the task, not the numbers of students already in college. It could be calculated on the basis of needs analysis (e.g. post-code based) and awarded either on the basis of college strategic plans or (if it was desired to make it performance-based) might be triggered when the college succeeds in recruiting a threshold number of students from the community concerned.
22. This important policy area suffers from a lack of information on the costs and effectiveness of different measures that colleges do and might use to address disadvantage. Many are undoubtedly pursuing effective strategies, but we suggest that there is scope for the LSDA to make a significant contribution to the professionalism and practice in this area of work through a longitudinal study of activities, costs and outcomes in addressing the needs of disadvantaged students and communities.

### 1 INTRODUCTION

- 1.1 This report considers the costs of disadvantage as they affect learning providers (FE colleges and VI Form colleges), and their implications for funding policy.
- 1.2 We were commissioned by FEDA (now LSDA) in October 2000. The aims of the study were:
1. to clarify a working definition or definitions of ‘disadvantage’ in the context of the provision of learning and skills;
  2. to identify the additional costs necessarily incurred by learning providers when making appropriate provision for one or more groups of disadvantaged learners;
  3. to distinguish those costs which are, or should be, reflected through existing aspects of the funding methodology (e.g. cost weighting factors, or additional individual support) from those which are not currently recognised;
  4. to make proposals as to how these costs might most appropriately be reflected in a funding model.
- 1.3 This was intended to be a short, high-level study to clarify the issues and indicate the scale and scope of the costs in the FEC sector. The main work consisted of interviews with staff in colleges and others during October and November 2000, and a workshop held on 30<sup>th</sup> November 2000. We are grateful to all those who contributed to these discussions. A list is attached as Appendix A. A list of the reference materials which we consulted is at Appendix B.
- 1.4 Although this study is an evidence-based work, there is very little hard evidence available that can be used and the work is also subject to conceptual and definitional problems. Our conclusions are based on our professional judgement, informed by the views and experiences of those recognised as having a particular contribution in this field, and backed up by an institutional case study. We suggest areas for further work in chapter 6.
- 1.5 The study was undertaken in the context that the LSC is just taking over responsibility from the FEFC for funding, and is developing its new funding model. This study mainly focussed on FECs, which form part of the LSC’s remit.
- 1.6 The study considers on costs which are primarily addressed by the widening participation (WP) factor in the FEFC (and now LSC) model. This factor is an explicit formula element for disadvantage – applied as a percentage uplift on other funding (determined by length and subject of course). This element is to cover additional educational need, but not the specific educational needs of a particular individual. The latter is covered by the Additional Support Mechanism (ASM) for which specific costs must be identified (and audited). There is no such specific cost identification or audit process for the WP factor – one of the reasons for this study.



## 2 WHAT IS DISADVANTAGE?

### Introduction

- 2.1 Disadvantage is an important factor in policy for further education. Policy and work in this area has been re-invigorated since the Kennedy report (the report of the Widening Participation Committee, *Learning Works*). This was a significant piece of work that identified the importance of widening participation, and suggested a number of initiatives to do so. These included both policies and practice, and resulted in changes in a number of structural and funding areas. That most pertinent to this study was the creation of the WP funding in the FEFC funding methodology. This was introduced in 1998-99, following the recommendations of the Kennedy committee.
- 2.2 There is a wide range of activity in the sector to support individuals and communities who might be deemed disadvantaged. These fall very broadly into two types of activity:
- a. specific activity which colleges undertake to support disadvantaged students who are already enrolled with the college (e.g. to help them to select appropriate programmes, to continue with their studies, and to achieve certain levels of educational attainment);
  - b. activity which is more broadly targeted at attracting people who are not currently engaging with learning in FE, and are unlikely to do so through the normal college processes of marketing and recruitment.
- 2.3 Of course, colleges also do activity of the types above as part of their normal programme to attract and support non-disadvantaged students. Part of the mission of FE is to be inclusive and supportive of a wide range of types of student, although the interpretation and extent of this will vary between colleges.
- 2.4 There are several possible routes by which colleges can obtain funding to support their work in the area of disadvantage. However, the main mechanisms which are widely perceived to be available to support any additional effort and costs of work with disadvantaged students and populations are:
- WP factor funding;
  - ASM;
  - specific initiatives such as partnerships.

### Scope and definitions

- 2.5 If it was possible to identify a specific group of people who could be defined as disadvantaged, and a specific set of activities which were widely agreed to be necessary to support this group, then it would be easy to identify the costs of disadvantage. Unfortunately neither is possible.

- 2.6 Before we can study the additional costs of disadvantage, it is necessary to be clear about three things.
- what is included within the term disadvantage, and what is not (discussed below);
  - to distinguish what is “normal” outreach and student support activity in a college from what is additional activity specifically provided to deal with disadvantage (chapter 6);
  - to distinguish the activities that are ‘individual-specific’ (and arguably to be covered by the ASM) from those that are more generic to the group of disadvantaged individuals (and to be covered by the WP factor funding) (chapter 6).
- 2.7 We have found that there are no clear and unambiguous definitions or boundaries in any of these areas. Moreover, as is common in education, views on what measures are appropriate to support learning in different circumstances will legitimately vary depending on the interests, skills, and experience of the teachers and colleges concerned. Part of our task has therefore been to propose a conceptual framework for defining and measuring disadvantage.
- 2.8 Disadvantage in education can be seen in a variety of forms but appears to be commonly accepted as a lack of:
- basic skills;
  - motivation;
  - ‘preparedness’ (‘learning readiness’).
- 2.9 Some institutions plan to address disadvantage through a process of ‘compensatory education’ – providing these students with more than is “required” for those not disadvantaged. The assumption is that the level of activity required in this area for disadvantaged students will be greater, effectively to compensate for a system that has been failing them. (Of course education arguably should always be provided on this basis, whatever the level of disadvantage - social and/or personal development is as important as skills and knowledge attainment in the education process.)

### Attainment as an indicator of disadvantage

- 2.10 In principle, the most direct way to detect and measure disadvantage would be in terms of the **outcome, i.e. the failure to participate appropriately in education or to achieve** a certain level of educational attainment.
- 2.11 Kennedy reported that: “studies consistently demonstrate that qualifications earned at 16 provide an excellent predictor of whether a young person will continue in full-time learning and that good academic performance at 16 notably reduces the impact on participation of other factors such as sex, family occupational background, ethnicity and the school sector.” (reference 8, p24 *Learning Works*). “Those in the college sector who entered college with low levels of achievement tend to have higher drop-

out rates and lower levels of achievement when leaving college than other students.” (reference 12, p24, *Learning Works*).

- 2.12 Of course measuring a failure to achieve implies that there is some accepted norm against which such non-achievement can be assessed. If the norm is that all young people of a given age should have achieved a set of subjects at minimum grades at Level II, then a failure to do so might be taken to indicate disadvantage.
- 2.13 However, there are several objections to ‘5 A-C levels’, or any other norm, as a general definition of disadvantage:
- norms are inherently an averaging measure, which may be relatively appropriate for the “normal population” but may fail to reflect the needs and attainments of disadvantaged people. For example, having ‘5 A-C passes’ does not necessarily indicate a similar state of readiness and ability to proceed for all students. Similarly, attaining Level II does not necessarily mean that these students do not need extra support at Level III;
  - even if the concept of norms is accepted, there is no norm for adults, against which (non) attainment can be evaluated;
  - measuring the failure to attain is not practical on any widespread basis, since it requires a measure of what is not there (i.e. qualifications not achieved) and also requires a formal interpretation of a vast range of prior experience and learning;
  - there could be reasons for failure to attain, such as a lack of willingness to do so, which are “not an indication of disadvantage” (see below).
- 2.14 We conclude that, within a particular age group, educational attainment levels can be an indicator of need – and useful in planning and needs analysis. However, they do not measure disadvantage directly and are very difficult to measure for much of the potential student population. They arguably should not be the sole measure used to determine funding requirements.

### Use of other proxies to indicate disadvantage

- 2.15 If it is not practical or appropriate to use educational attainment as the sole indicator of disadvantage, we have to rely on other indirect measures or proxies.
- 2.16 The most common approach to this is to attempt to define disadvantage in terms of **personal or environmental factors** which may inhibit individuals from educational attainment. Disadvantage is often related to specific factors, such as poverty, unemployment, disability, burdens of child-care etc.
- 2.17 Kennedy found that:
- “Students with low levels of prior attainment are more likely to be poor and to live in economically and socially disadvantaged areas. Council (FEFC) data show links between poor levels of retention and achievement, low income, and living in areas of

- social and economic disadvantage. Evidence shows that the provision of additional support, guidance and curriculum enrichment for these students makes a difference to retention, achievement, and progression.” (reference 11, p62, *Learning Works*)
- 2.18 A useful analysis was given in the context of higher education in the report by NCIHE (Dearing). Much of this is applicable to further education. Dearing (*Report 6* p35) considered disadvantage as it manifests itself in participation in HE. The report firstly considered a correlation of rates of participation in HE with five macro (national) factors:
- national economic development;
  - pluralistic democracy (extent to which society espouses a culture of personal progress through educational attainment);
  - comprehensive access to primary and secondary education;
  - structure of the education system (highly stratified systems produce highly differentiated rates of participation and achievement, as between social groups and types of learning achievement (academic, vocational, etc));
  - extent of social cohesion (extent to which groups in a society have been socially integrated, e.g. that men and women have equal status).
- 2.19 For an individual, the report identified the specific correlates of participation in higher education to be:
- gender;
  - socio-economic group;
  - mother’s education;
  - attainment at 16 and 18.
- 2.20 The report also identified that various attempts at explaining under-participation in higher education, particularly amongst lower socio-economic groups, have included:
- structural factors (supply of places, and selective allocation of places);
  - cultural ‘deficit’ explanations (with higher education a culturally alien terrain; coupled with a lack of parental and peer group support and encouragement; and, as well, individuals self-excluding from lack of confidence, feeling out of place, or possessing low self-esteem);
  - a basic lack of educational attainment which itself is affected by
    - inequalities in the distribution of wealth;
    - type of school;
    - character and structure of qualifications on offer;
    - peer group and parental expectations.
- 2.21 Although some of these are obviously not relevant to the FE sector, most of them are. It is a very complex picture – as the Dearing report concludes: “on balance, it would be safe to assume that uni-causal explanations of under-representation are not generally satisfactory”.

- 2.22 It would be the same in FE. A summary of some of the factors was given in *Learning to Succeed* (chapter 6): “Research shows that 16-18 year olds from low income families are much less likely to remain at school, or enter FE or work-based training for young people than their better-off peers....91% of 16 year olds from professional and managerial families stay on in full-time education or government-supported training in England and Wales, compared to just 61% of those from unskilled families.” Whilst this reports on the effects of two factors (causes) of educational disadvantage, a comprehensive understanding of the situation would require many more factors to be considered. For example, disability should obviously be included, as well as many of the factors mentioned above. The practical difficulties of identifying the factors, measuring them, and weighting them, are significant.
- 2.23 Establishing any certain or direct relationships between particular factors (deafness, poverty etc) with disadvantage is further complicated by the fact that individuals respond to such factors in different ways:
- some have excelled in intellectual pursuits despite significant disabilities or environmental handicaps which would certainly feature on any list of disadvantaging factors. Indeed, there appears to be anecdotal evidence that having to overcome certain handicaps can actually be a spur to achievement (e.g. for artists, musicians);
  - those who achieve greatness despite such handicaps may be exceptional people. Others with the same disabilities or handicaps may fail to achieve, and it is probably reasonable to assume that they have been disadvantaged. However, it is also reasonable to suppose that there is a full range of responses.
- 2.24 What matters here is perhaps the combination of factors that impact on an individual (negatively or positively). For example, barriers from disability or child-care can be overcome with money and/or a supportive home environment. For others who lack these benefits, they may be decisive in leading to educational non-attainment. A positive motivation may enable some individuals to overcome external factors, but others may have their motivation itself damaged by such factors.
- 2.25 We conclude that external (financial, physical, environmental, social etc) factors may be useful as proxies for disadvantage in some cases, but cannot be assumed to define it, or to indicate it in all circumstances. Probably the most accurate description is to say that these factors may tend to predispose towards disadvantage, and they can be used in the right circumstances as indicators of possible or potential disadvantage. However actual disadvantage will result from a combination of two different types of factors:
- circumstances which can make educational attainment more difficult;
  - an individuals response to these.
- 2.26 This introduces the concept that motivation may be as important as external factors. It leads to an important question which has not yet been addressed by policy in this area. The issue is whether disadvantage (and therefore policy for disadvantage) is to be taken to cover all individuals who fail to attain, or only those who have (or could have)

a positive motivation to attain but are inhibited from doing so by external or physical factors, or whose motivation is affected by these factors.

- 2.27 This is an important issue still to be resolved. The fact that motivation is probably even more difficult to measure than physical or environmental handicap should not be allowed to prevent a consideration in principle of what the policy should be.

### 3 MEASURING THE LEVEL OF DISADVANTAGE

- 3.1 Given the difficulties discussed in chapter 2, it is inevitable that there will be difficulties in measuring levels of disadvantage. However, this is necessary if policy is to direct funding according to need. The approach commonly adopted is to use proxies – predominately those describing prior educational attainment, income level (e.g. entitlement to benefit), or social and economic characteristics. It is important to recognise that these are not directly measuring educational disadvantage, and that they can only give a broad indication of likely or potential disadvantage.
- 3.2 We provide a list of these proxy measures in Table 1. This does not seek to be comprehensive but gives an indication of the multiplicity of choices in this area, and the ‘variations on a theme’ that are in use.
- 3.3 In fact the choice of proxy or indicator will only be partly influenced by theoretical soundness (closeness of match to real disadvantage). For practical purposes, it is equally important that the data:
- can be collected on a regular basis;
  - is up-to-date;
  - is statistically robust;
  - is available for the whole potential population;
  - is available at local level.
- 3.4 As discussed in chapter 2, it does not seem practical to use levels of attainment as an indicator of disadvantage on any broad basis. (Although we note that the LSC has included this to direct the allocation to local LSCs of 1/3<sup>rd</sup> of the budget for their ‘local initiatives fund’.)
- 3.5 The alternative method is to attempt to reflect the relevant social and economic circumstances of an individual. Three broad approaches are possible:
- a. to look at **individual factors** which may cause disadvantage;
  - b. to use **social class**;
  - c. to use **post-codes**.

#### (a) measuring specific factors causing disadvantage

- 3.6 There are problems in focusing on individual factors (such as age, disability, gender, ethnicity, etc) because as already discussed, disadvantage should normally be viewed as resulting from a combination of causes, rather than a single dominant factor. It is also difficult to define these factors in a way that consistently indicates a level of disadvantage across the spectrum of students. Often proxies are a better measure, than the factor itself. For example:

- in terms of age: additional costs often arise because of ‘mature’ students gap from formal learning, and often because of the need for them to balance social and financial responsibilities beyond their educational participation (IER study into the participation of non-traditional students in HE, 1997). Returners to education are sometimes low-income or socially disadvantaged. Both of these factors would be covered by a social class or post-code premium factor b) or c)
- in terms of gender or ethnicity: although there is evidence that gender makes participation difficult for some specific ethnic groups, there is also evidence that participation is equally difficult for white males. Other groups, on the contrary, show very high participation and achievement rates. Where this is not the case other indicators, e.g. income, often correlate with the groups in question.
- in terms of disability, on the other hand, the issues relate to the definition of disability. There are a wide range of disabilities (mental, physical, learning) some of which have little impact on educational opportunities (e.g. epilepsy) whilst others lead to a need for considerable support (e.g. blindness or deafness, mobility, learning disabilities). These are person specific – and are currently covered well under the ASM mechanism.

### (b) social class

- 3.7 In HE, UCAS reports applications by social class. This is derived from a request on the UCAS application form for the applicant to provide the occupation of the parent, step-parent or guardian with the highest income in the household. These are grouped into categories of the Standard Occupational Classification of the Office for National Statistics (I professional; II intermediate; III skilled non-manual; IV partly skilled; and V unskilled).
- 3.8 Such a method, however, requires on a reliance on individual returns which are not necessarily reliable or complete, and are also out of date. In HE, one-eighth of (degree) applicants are recorded under ‘unknown’ (either did not provide the data or occupations not included in the SOC). In FE the range of SOC may not be so great, and the use of this terminology is likely to be politically less acceptable.

### (c) post-codes

- 3.9 The most commonly used and most useful proxy measure is a post-code index. This has great strengths as a measure (it uses existing data) and some type of postcode index is used (and they all differ) by all the main funding councils – FEFC (‘WP factor’), LSC (‘disadvantage uplift’), HEFCE (‘postcode premium’), SHEFC’s new uplift.
- 3.10 As all these are accepted to be indicators rather than measures of disadvantage, there is no “right way” to do this, and considerations of practicality are as important as any theoretical justification for the methods used. Some of these are described in the box.



### Use of post-codes in FE

The WP 'factor uses postcodes of students home addresses as a proxy measure for educational disadvantage' (*Circular 99/01*). These are based on the DETR indices of local deprivation – now (in 2000) 33 indicators of deprivation are used to describe deprivation at ward levels, from such sources as Census, DSS benefits data, UCAS data.

This approach is also being used by the LSC (for Work Based Learning, as described in the new *Operations Guide*). The approach used for other parts of the post-16 LSC sector, such as FECs, might be different.

The LSC uses 1998/9 data. Indicators are given under 6 domains – one of which is Education, Skills and Training. The methods used to combine the indicators into a single score have changed, including more explicit weighting (for example towards Income and Employment Domains; with Education receiving 15%).

FEFC is using the (slightly modified) 1998 Index of Local Deprivation – ILD - which was based on the 1991 Census and 1996 data. This index was at district level, based on 12 equally weighted indicators, that were combined into a single score. The ward level index was based on six indicators.

Considerable judgement is used by FEFC when applying the index:

- only areas showing deprivation at 15% or above are taken into account (this equated to 25% of all students)
- weights are given to different levels of deprivation (these weights are from 4% to 16%). (The LSC weights are 5-20%);
- WP units are also given to students on basic skills courses;
- the students eligible for WP funding are as well added to by specific types of students e.g. care leavers and travellers, those on basic skills programmes irrespective of postcode.

3.11 There are some interesting points about the application of the WP uplift factor:

- it is applied to the sum of entry, on-programme and achievement units (so a course with higher subject-weighting factor than others receives more WP funding);
- although it is deemed to be a factor of current students, the WP funding is clearly not reflecting the needs of any potential student population, who are currently not being reached because of disadvantage;
- some disadvantaged students are not covered (in areas below the 15% threshold – i.e. pockets of deprivation within otherwise prosperous areas);

- there are other uses for the WP uplift factor - FEFC have for example used WP unit eligibility as a criterion in awarding growth funding to colleges.

3.12 There are alternatives to the DETR index and some are shown in the box below:

### **alternative indices**

Use of just the **Education Domain** information (part of the new (2000) DETR index). However, care should be taken in its use – its purpose was to measure multiple deprivation and not specifically deprivation in an educational context on its own. The design intention was not to design from scratch a free-standing educational deprivation index (and it includes HE factors as well (participation rates in HE)).

Use of Experian's **MOSAIC** tool (a variable used by UCAS to explore their data – as described in UCAS' statistical bulletin on WP Aug 2000). This is a geodemographic tool used to classify residential postcode areas into distinct neighbourhood types based on statistical information about the people who live in them. It uses a combination of census, electoral roll, housing and financial data to classify households into 12 groups (high income families; suburban semis; blue collar workers; low rise council; independent elders; stylish singles). It is not a measure of an individual applicant but a blunt tool to act as a proxy for the lifestyles of peoples living within a specified geographical area.

Use of **Caritas**, a commercial database, used by HEFCE and SHEFC. Here 15 households provide information about a 'neighbourhood' which is classified into one of 160 types. The classification draws upon a group of variables of which the most important is affluence. The data is derived from the 1991 Census, but also now other sources such as child benefit data, student participation rates etc.

- 3.13 However, there is no evidence that any one of the alternative proxies for educational disadvantage are better than the DETR index. It can be measured, and updated, it is not seen to have major deficiencies (except perhaps by not measuring adequately the small pockets of deprivation). Indeed the Oxford University (Department of Social Policy) review of the DETR index found 'relatively high correlations between the Income, Employment, Health and Education Domains' (although it does not say at what level). There seems no obviously better alternative.
- 3.14 There is no doubt however that the choice of proxy, and how that proxy is actually used, will have major impact on funding in one FEC. Where there is no clear evidence of lack of equity, then the choice of postcode index is often determined as much by the requirement for stability in the sector, unless there is some other reason for change.

### 4 APPROACHES TO FUNDING

- 4.1 There are a three different ways that policy makers could view any specific additional funding for disadvantage that is made available to colleges:
- as a policy statement (giving a signal that disadvantage is an important subject of Government policy);
  - as a reward or incentive to colleges which are actively involved in addressing disadvantage;
  - as an acknowledgement and compensation for additional costs.
- 4.2 The consequences of each of these in terms of measurement and accountability would differ. For example, under (a) colleges might be expected to show in their strategic plans and reports how they were addressing this Government priority, but there would be no necessary requirement to attempt to measure exactly what if any difference this had made to pre-existing levels of disadvantage. Under (b) colleges which had met certain criteria might become eligible for a specific additional element of funding. This is exemplified by the way that FEFC have linked WP to opportunities for growth funding.
- 4.3 Method (c) would require the clearest linkage between actual costs incurred by colleges and additional funding. This would therefore require costs to be measured, at least on an average or standard basis, as a basis for determining the level of additional funding to be provided.
- 4.4 FEFC have stated clearly that they intended to fund additional costs through the WP uplift factor. FEFC *Circular 99/47* states that “after 1998-99 additional widening participation units to reflect historical costs will be fully funded...”, but the funding is also designed to provide an incentive to recruit/educate these students (LSC *Operations Guide* “the disadvantage uplift is intended to encourage greater recruitment from disadvantaged areas”). Other funding councils have said similarly – HEFCE, for example, have undertaken some (fairly qualitative) research to identify costs, and also consider it an incentive payment (they have recently announced a very significant increase in the uplift factor to enhance the incentive element).
- 4.5 The purpose of this study to try to identify the costs that could justify specific levels of additional funding.
- 4.6 There are three main areas of activity which FE colleges have to pursue in order to deal with disadvantage:
- **Engagement.** Work with the community to engage people who would otherwise not participate (note this is wider than what has traditionally been called recruitment, or even outreach which tends to mean delivery of provision in local

centres.) The activity required here is a much broader activity, often requiring dedicated staff with different skills from FE lecturers. The core of this is about reaching out to, winning the confidence of, and engaging the interest of, people who would not by themselves approach an FE provider. It is often indirect – reaching out to those who influence the potential learners (e.g. parents, community groups). This has many of the elements of marketing.

- **Retention.** A range of measures to enable people who have begun to engage with the educational process to the point where they are known to the college, to continue to engage in a constructive manner (retention). These may include a variety of both educational and other support measures (such as financial incentives) to encourage these to become, and remain, students. This does not necessarily imply that they study at the college in a physical sense.
- **Achievement.** Measures to support these students through a learning process which will enable them to attain at the levels and standards to which they are capable.

- 4.7 These can be grouped into two main types of activity which we have called engagement (encouraging participation in learning – directed at groups or communities rather than individuals); and retention and achievement of existing students who are already participating. The *LSC Operations Guide* states that the disadvantage uplift “supports the broad policy of intention of widening participation and also reflects that some learners come from backgrounds which have disadvantaged them.”
- 4.8 A post-code factor could effectively act as an indicator of levels of disadvantage with respect to both the needs of engaging the communities or populations from which the college should draw its students and of supporting existing students. However, the current WP premium, which is paid on a per student basis, does not relate well to funding the first of these – engagement.

### Promoting engagement

- 4.9 Although we have found no better alternative to the postcode index, for use in allocating money on a formula basis to help overcome educational disadvantage, it is important to recognise that this is currently calculated on students in the college. It therefore does not relate to the potential student population.
- 4.10 The problem is that any premium based on student numbers gives no indication of the need to be addressed in any one catchment area. Other measures must be used for this, e.g. – needs analysis undertaken as part of the strategic planning processes. This would in turn raise questions about whether WP is aimed at deepening participation (in existing groups), or widening participation (new groups, underrepresented). Action would be significantly based around communities, rather than individuals (see chapter 5) and would take account of activities and funding already taking place in the community.

- 4.11 Such funding should ideally be distributed to colleges according to need (i.e. postcode index of the catchment area, not of the students in college) and the seriousness of their intentions to address need. This is difficult to measure without disproportionate effort. Possible methods of allocation (and showing accountability for) such funding could include:
- a) allocation against strategic plans – with an occasional review of implementation and outcomes;
  - b) allocation on the basis of catchment postcodes but with funding only triggered when the college recruits a threshold number of students from the relevant postcode area.
- 4.12 This suggestion is supported by FEDA/NIACE's evaluation of non-schedule 2 pilots: "a model based more on core or block funding for infrastructure and outreach costs plus formula funding for programmes delivered would be more appropriate." Similarly (from the same source): "a funding system that is based on actual learners recruited will ultimately act as a disincentive to providers to invest time and resources in development work where the outcomes are not guaranteed."

### Retention and achievement

- 4.13 Although the postcode index may be an effective indicator of disadvantage with respect to supporting existing students, there are, nonetheless, some judgements required in its application. These do not appear to be substantiated by cost behaviour:
- the value of the uplift varies from 4-16% depending on the level of deprivation of the ward – we found no indication that this variation influences costs;
  - the uplift only applies to wards displaying a deprivation index of 15% or more – again we found no evidence that pointed to this cut-off point (we would expect to find a "tailing-off" rather than a step function in costs);
  - the uplift is applied to other funding, which itself has been weighted for subject costs. We found no evidence that costs are likely to vary by subject to the same degree that this could imply. It is much more likely that the circumstances and needs of the individual would affect the additional support they need, rather than the subject they take. This could be reflected by an allowance of a set £ funded per head, not % uplift (and funding of FE in Scotland by SFC is undertaken on this basis).

### Conclusion

- 4.14 We conclude that funding for colleges to address disadvantage is unlikely to be closely aligned with costs – whether or not this is the broad intention of policy makers. In practice, it seems likely that the funding is acting as a combination of all three policy mechanisms noted in paragraph 4.1, and it is delivered by a pragmatic mechanism (uplift on student numbers). This is a good mechanism to reflect the costs of retention and achievement, but is less suitable for the costs of promoting engagement.

### 5 HOW DISADVANTAGE CAN BE ADDRESSED

- 5.1 In this chapter, we review the set of activities that providers can and are using to address the two objectives of promoting engagement with further education, and of supporting retention and achievement of students.
- 5.2 This is a complex area, particularly in terms of engagement where quite small groups may have very different needs from other groups (e.g. single parents, ethnic minority groups).
- 5.3 We focus on recognised good practice (there is no point in costing other practice). However, we do not intend to imply that there is only one way to deal with disadvantage, or that colleges may not be able to develop other approaches which are equally valid in their particular circumstances.

#### (A) Promoting engagement

- 5.4 As one institution stated, the aim is to “work through the community to engage individuals in learning (but not necessarily learning in this FEC)”. Successful initiatives tend to be designed for a particular community – and delivered in a way which is acceptable to that community – they cannot generally be ‘off-the-shelf’, and they will often require flexibility and creativity in the way they are delivered – not a standard college-wide procedure.

#### **Good practice in promoting engagement**

- 5.5 The box below lists some good practice as exemplified by the FEFC. For example, Edinburgh District Council in their report *Models of Integration* identified several aspects: targeting of excluded groups; work through outreach; use of recruitment targets; close links into local communities. “Outreach and promotion of training through community structures are recommended ways of targeting excluded groups.”
- 5.6 Any initiatives need continuity and persistence over time. A “track record of successful outcomes with a particular target group is one of best guarantees of effective recruitment” (Edinburgh District Council, above).
- 5.7 The outcome will not necessarily be recruitment of disadvantaged people onto standard college courses. Provision must be targeted (informed), relevant, local, part of a support structure (e.g. crèche facilities), modular, bite sized, timely, ready to acknowledge success, part of ladder of opportunities, “motivating, non-threatening, in the right place at the right time, offer a perceived benefit” (*How to Widen Participation*, FEFC).

5.8 Some characteristics of engagement activity are:

- long-term;
- indirect;
- investment, not cost of learning;
- partnership;
- often working alongside other initiatives.

5.9 By its nature, this type of work is (i) costly, (ii) “non-standard”. Some of it should arguably be being done anyway as part of colleges’ missions of social inclusion and life-long learning. There are several sources of funding which can support such work (SRB, ESF, Excellence in Cities, special initiatives, partnership funding etc) in addition to WP. Colleges with a significant engagement of this kind probably find that such funding is not enough.

**Good practice, as exemplified by FEFC (*How to Widen Participation*):**

**plan marketing, based on intelligence (characteristic one)**

- identify underrepresented groups
  - community needs analysis
  - strategic partnerships with other agencies
- identify learning needs of these groups
  - educational needs and interests are obtained (perhaps as part of community work)
  - labour market analysis
- develop strategies to reach these groups
  - setting targets, monitoring against them

**non-participants are contacted (characteristic two)**

- contact the groups and interest them in learning
  - work with local partners including community groups
  - use inventive methods (e.g. target parents through primary schools)
  - use role models, examples (peers) etc
  - outreach workers who build networks, set up initiatives
- provide information in user-friendly format (and time etc)
- minimise barriers to participation
  - e.g. child-care facilities
- provide targeted provision
  - provision is of right type etc (see above) – non-schedule 2, community-based activities, activities with schools, outreach projects

**provide good quality information and guidance (characteristic three)**

- outreach workers who hold drop-in centres, locally
- special material targeted at specific groups
- ensure outreach courses are part of progression framework



### Activities to help promote engagement

5.10 From our discussions with institutions we identified three main types of activities where contact is made with communities and which described these characteristics of good practice:

*i. with school, e.g.*

- school link – unfunded provision such as tasters, vocational courses (until now not funded);
- special posts to work with schools (careers guidance etc – with emphasis on coming to a college, rather than necessarily their college);
- tasters ('inreach');
- work with parents including (unfunded) provision aimed specifically at them;
- special links with special schools, where students with learning disabilities are encouraged to join the FEC at 16. Although the schools pay, this is regarded (by the FEC) as a nominal contribution, by no means covering costs.

*ii. with communities, e.g.*

- posts working with particular communities;
- customised outreach provision, delivered by the institution or a partner;
- particular projects specific to a community or situation. Examples are many and varied – see e.g. evaluation of non-schedule 2 pilots, *How to widen participation – Guide to Good Practice*, LSDA's WP newsletters. Some examples of these are:
  - tutor working with a community group to weave new skills into an activity (e.g. setting up a football club);
  - one college employing a team of eight community development officers who liaise with community groups, establish needs and develop relevant curriculum;
  - community development work which effectively uncovers adults' interests by engaging them in informal learning such as participating in tenants' groups as well as more formal learning opportunities.

*iii. general marketing materials/campaigns* (much of which is arguably a necessary part of FEC core operations)

Some examples that are particular to disadvantaged groups are:

- a college with eight outreach centres providing FE. Three community guidance workers provide impartial advice about careers and education and help to plan the courses offered in the centres. These workers liaise with community groups, assess the needs of the community, and build networks in the locality;
- a careers service Next Steps centre, run in conjunction with a college, offering one-to-one advice and guidance at three levels (information only, 15 minute initial guidance interview, one hours consultation) to suit adults' different needs;
- progression route mapping;
- guidance map (showing counselling and guidance support).

### **The resources required for these activities which promote engagement**

- 5.11 These activities bring requirements for resources. iii) has immediate cost implications. The activities under i) to ii) are likely to require most if not all of the following:
- time to develop strategies for activities in this area;
  - market/needs analysis;
  - working with partners;
  - assessing progress and feedback;
  
  - special community posts;
  - time in delivering outreach which is otherwise unfunded (i.e. not basic skills, ESOL, schedule II, LEA/(ex)TEC provision) e.g. tasters;
  - particular time for the organisation of staff delivering outreach;
  - staff development/training;
  
  - relevant publicity and informative material;
  - arrangements for franchised operations – with non-community based franchisers operating at (and funded via FECs for) about two thirds of the costs of colleges;
  - very small group teaching (sometimes recognised e.g. if basic skills or ESOL provision);
  - and any supporting payments, travel, accommodation, crèches and translators etc;
  - incentives for adults to participate (crèches, financial payments to schools, etc);
  
  - additional costs associated with
    - engagement and partnership working with community and voluntary groups;
    - links and working with government agencies i.e. DSS, probation, ES, careers services; and national agencies e.g. for homeless, ex-offenders etc;
    - partnership working, network linking, including with Local Strategic Partnerships and Community Strategies.
- 5.12 Some of these initiatives will be funded under other sources (SRB, ESF, Community Challenge etc). However these sometimes require matching funding, and generally only provide pump-priming. Institutions will continue with the initiatives (or expand them), funded through their own core funds.
- 5.13 Cost levels will be different for each institution, and for each community approached, and will be affected significantly by the external context e.g.
- working with community and voluntary groups – the role of a FEC is/should be significantly affected by strength of the latter, over time;
  - level of adult and community learning provision (which currently varies considerably between local authorities; and FECs' involvement varies widely);

- local competition including other FEC's recruitment policies (defined, or broad, catchment areas);
- new initiatives e.g. Educational Maintenance Allowances: "there is some evidence that EMAs have increased participation in full-time education in the pilot areas" (LSDA's paper on the Educational Maintenance Allowances, March 2000). It is likely it is also impacting on retention.

5.14 The advent of LSC brings additional developments which will impact on FECs roles and involvement, including:

- the role of the LSC (and by implication, FECs) with Local Strategic Partnerships and Community Strategies;
- the role of local LSCs in "nurturing the development of voluntary and community providers to support the objectives of community capacity building and neighbourhood renewal" (LSDA's response to the LSC consultation on funding flows and business processes);
- the extent and use of LSC 'discretionary funds' to support disadvantaged communities.

### (B) Supporting retention and achievement

5.15 As with promoting engagement, what is appropriate here will depend upon the circumstances. We illustrate some leading guidance on, and examples of, good practice (but this does not mean it is appropriate for all institutions to do all of these, even if costs permitted).

#### **Good practice**

5.16 Examples from the FEFC guidance are in the box below.

#### **Good practice, as exemplified by FEFC (*How to Widen Participation*)**

(these have been summarised and listed in a way that highlights the activity or resource input that should be made)

##### **effective support for learning (characteristic four)**

- assess learner needs, systematically
- remedy weaknesses through additional tuition or practice
- access to personal support (tutorial system, professional counselling)
- individual meetings with tutors

**financial and practical support (characteristic five)**

- help with fees, travel costs, exam fees, textbooks
- help with childcare
- provide professional advice (financial, welfare etc)

**an appropriate and relevant curriculum (characteristic six)**

- a curriculum which allows a number of different entry points, a choice of levels and progression routes
- modular provision
- new technology and distance learning
- strategies for non-threatening assessment
- feedback
- staff training and development

**effective teaching and learning (characteristic seven)**

- course design to ensure that teaching is pitched at the right level, is differentiated to meet individual needs, develops confidence, builds knowledge and skills at a suitable pace, values learners' prior experience, pays attention to key skills, provides supportive feedback, motivates
- staff training and development
- course review and evaluation
- use of best possible resources
- use of IT
- open, distance and flexible learning modes

**appropriate and formal (recognised) mechanisms for recording achievements (characteristic eight)**

- select appropriate methods of accreditation and award which record small steps, allow transfer of credits, assess, accredit and build on prior learning, and are validated by external organisations
- development of modular programmes
- systems that demonstrate value added
- celebrate achievements

**management information (characteristic nine)**

- systems and information that contribute to effective monitoring, evaluation and planning
- feedback and iterative processes of evaluation and development

**Institutional policy in retention/achievement**

5.17 Support to students will be a key feature of institutional policy (which is constrained or influenced by a number of factors:

- funding levels

- enthusiasm and beliefs of senior managers
  - core mission and strategic aims (what type of FEC)
  - priorities for initiatives or for resource allocation.
- 5.18 Funding, and the way it is allocated, is just one key influence. If it is ring fenced (e.g. ASM) then the funds are likely to be spent on the intended purpose (irrespective of need). But this will depend on how tightly funds and purpose are defined. If it is not ring fenced (e.g. WP) then the funds will form part of core-funding and the policy intention may not determine how it is spent. It will still have some influence (e.g. as a result of the FEFC incentive to increase participation in order to attain growth, or ‘unit-rich’ students).
- 5.19 However, funding will need to be perceived to be adequate to influence action positively. There is scope for considerable judgement as to the level of this – depending on the type of activities and level of them.

### **Activities to support retention and achievement**

- 5.20 In drawing up a list of possible actions/initiatives (building on the good practice referred to above), we specifically exclude facilities to support those with disabilities, covered under ASM.
- 5.21 There are general issues about:
- how to define/ensure appropriate quality (good models of education);
  - what is effective teaching;
  - ensuring a comprehensive/integrated effort (“no longer at the margins of further education relying on the enthusiasm of a few” (David Melville, May 2000));
  - amount (students can be well taught but still under-taught).
- 5.22 It is difficult to say that any one of these activities is essential – institutions generally can’t show that what they do impacts directly on achievement. (Many don’t try: “few providers systematically monitor retention and achievement among different student groups and identify action to make improvements” Jim Donaldson, FEFC chief inspector).
- 5.23 However, the list is based on sound evidence:
- good practice in the Kennedy report; Chief Inspectors Annual Report;
  - experience in practice by institutions working in this area (including two Beacon institutions);
  - statements by experienced education providers about what works and what should be undertaken (even if it cannot currently be afforded).

5.24 It is more difficult to establish:

- a) whether all these initiatives/activities are necessary to achieve outcomes of engagement, retention and achievement. It is more likely that packages of some of these would be appropriate (note that some initiatives make up for deficiencies in others, e.g. small groups sizes vs. tutorials or tutoring);
- b) what level of activity is necessary (e.g. what size of group works best, how many extra tutorials or weeks of induction etc).

5.25 Perhaps a common theme to them all is creativity and flexibility. These characteristics do by their very nature make it difficult to precisely measure and quantify them in a standard/consistent way.

5.26 We have identified 10 broad types of activity that are being carried out by institutions (although not all by every institution). These build on those listed under good practice, above, and focus on the resource implications. They are under the headings of:

- i. planning
- ii. curriculum structure and educational framework
- iii. admissions process
- iv. induction
- v. tutoring
- vi. pastoral support
- vii. financial support
- viii. private study facilities
- ix. reduced group sizes
- x. costs of attrition

### *i. planning*

5.27 Management and staff time in:

- preparing needs analysis – working in parallel with (currently TECs) local LSCs assessments needs and priorities;
- working with partners;
- planning and developing strategies for effective work in this area;
- assessing progress and feedback.

Systems to monitor, including to collect and report management information.

5.28 As part of the strategic planning framework, it is appropriate to consider institutional strategies for accommodation. Working with disadvantaged groups, particularly for institutions with significant numbers in this area, means:

- multi-site campuses;
- security (one medium-sized institution spends £100k a year on security);
- sometimes additional challenges in finding appropriately committed and skilled staff.

### *ii. curriculum structure and educational framework*

- 5.29 Management and staff time in developing appropriate educational frameworks as described under good practice, above, e.g.
- bite-size provision;
  - “a MoT on every course every year, to ensure that ladders are built down”;
  - modularisation;
  - appropriate forms of assessment;
  - measuring and demonstrating “value added”;
  - celebrations of achievement.
- 5.30 It is difficult to assess whether providing curricula on this basis actually incurs additional costs. The costs that are relevant to WP would be the management and staff time required specifically to consider the needs of disadvantaged students, the study of best practice in this area, and the design of appropriate educational structures and methods.
- 5.31 To carry this out effectively would need staff training and development - it is harder to teach students with a lower learning base.

### *iii. admissions process*

- 5.32 Colleges cannot rely on placement by GCSE outcome (school grades on entry) so they need to use a range of specifically designed tools. As described by one institution these include the:
- “analysis of the minimum competences required to succeed on each course;
  - design of appropriate assessment tools;
  - greater breadth of recognising prior achievement;
  - assessment of each candidate;
  - guidance and feedback procedures supporting this process.”

These would require the development and administration of a system to support these.

### *iv. induction*

- 5.33 Considered by one institution as “not simply an introduction to a new educational institution but a re-orientation to learning requiring extended induction procedures to reground in study” for those students:
- returning as adults;
  - unfamiliar with the British education system;
  - with experience of a continuum of disengagement from school.

### *v. tutoring*

- 5.34 Tutoring focuses on “the management of learning and the development of self-reliant planning and review processes.”
- 5.35 As summarised by one institution: “this is particularly challenging and time-consuming for those who have:
- weak sense of their ability to manage or control any aspect of their lives;
  - little experience of a systematic and regular commitment to learning;
  - little experience of successful learning;
  - few of the skills required for target-setting or self-assessment. Do not feel empowered, unable to reflect on experience;
  - many competing demands on their time and commitment.”

This requires additional tutoring time, and back-up systems.

- 5.36 An average student entitlement may be one 20 minute session with a tutor per term. One institution we talked with is now providing a 20 minute session every four weeks (i.e. about three times the previous level) to these students. This they believe is a more appropriate level, however it was only made possible with the additional Curriculum 2000 funding (which reflect the principle of entitlement to tutorial activities as well as key skills and enrichment activities).
- 5.37 The back-up systems can include:
- administrative support (to facilitate early identification of non-attendance, non-completion of work);
  - additional posts to organise this including e.g. retention managers;
  - staff spending time in redressing problems e.g. motivational interviewing;
  - staff time in developing wider strategies in preventing problems and implementing these (e.g. introducing celebrations of bite-size successes).

### *vi. pastoral support*

- 5.38 Keeping a focus on learning is particularly challenging for those who are more likely to be:
- poor;
  - dealing with a range of statutory agencies;
  - lone/young parents;
  - faced with a range of personal issues including homelessness, family breakdown, domestic violence etc;
  - living in high-crime neighbourhoods.
- 5.39 Whilst all institutions would in any case have a central student support facilities (financial, pastoral advice) institutions with these types of learners would typically have special initiatives supplementing these:



- central counsellors;
- ‘buddies’;
- motivational counsellors;
- guidance teams.

### *vii. financial support*

5.40 Ideally, these students should not be experiencing financial barriers to participating or staying in FE. In practice, institutions perceive that this is the case with some students and provide, from their own resources, financial help with:

- remission from fees (to those students who do not meet the conventional fee exemption criteria);
- remission from registration or examination fees;
- financial assistance with the transition from education to work (one FEC’s charitable Trust helps with the purchase of suits, or tools – although this could not be considered a cost under WP funding);
- hardship funds.

### *viii. private study facilities*

5.41 Private study is critical to success but is particularly challenging to those (as described by one institution) who:

- “need to work to buy household basics;
- have few independent study skills;
- have no study resources at home;
- do not have access to quiet study space;
- cannot call on the informed support of family members.”

5.42 An institution’s research on these students has found that they rarely have computers at home, and there is commonly no post-14 education in their family background. Institutions provide physical facilities and staffing to support a network of learning support provision (learning resource centres etc; with incidental additional costs of ‘permanently borrowed’ books etc).

### *ix. reduced group sizes*

5.43 This is a more complex than others. There appears to be considerable ‘accepted’ understanding that reduced group sizes are important to successful provision for these students. However, we found that this was not so evident in practice:

- groups were mixed (i.e. disadvantaged students, and students not classified as disadvantaged);
- level I and II courses are generally smaller than level III courses (Chief Inspectors Annual Report 1999-2000), with disadvantaged students taking courses at all levels;

- we found that group sizes in an institution with relatively higher numbers of WP units were higher than in one institution with no WP funding.
- 5.44 Group sizes are influenced by a very wide variety of factors, only part of which relate to ‘good educational practice’ for any given type of students. Probably a stronger driver than the ‘disadvantage’ designation is that students at levels I and II need more assistance with their individual pathways. It also depends significantly upon the pedagogical reason for the group. A stimulating presentation by an interesting outside speaker can be effective to a large group; on the other hand, if teaching is participative and requiring one: one interaction, then a small group size is important (but perhaps this needs to be very small group - one to five students only). Tutoring and other learning support can help overcome issues around larger group sizes.
- 5.45 Group sizes are also influenced by the demand/popularity for the course, whether it is compulsory in a particular learning pathway or not, policies on minimum group sizes.
- 5.46 Social interaction is important - students can feel inhibited in courses with small groups (the course is perceived to be unpopular; there is no scope for an interesting mix of students from different backgrounds; there is too much scope for attention when these students can be feeling very self-conscious).
- 5.47 Basic skills and ESOL courses are also taken by disadvantaged students and their small group sizes are specifically funded at higher levels. This factor therefore should not be included under any consideration of costs considered under WP.
- 5.48 There are further complications as group size is already probably a factor in the subject factors – with smaller group sizes required for health and safety, or effective learning, in some subjects. Whether this then removes any advantage in further reducing group sizes (better to support disadvantage) is debatable.

### *x. the costs of attrition*

- 5.49 Disadvantaged students are experiencing a higher level of non-completion, or of resits. (Kennedy). However, we were not able to identify firm evidence on the level non-completion rates, or non-achievement rates, of disadvantaged students vs. a vs. ‘a norm’. Institutional totals are an amalgam of both.
- 5.50 Both these are dependent on a whole range of factors, not the least are external factors such as the changing employment opportunities during the year. Institutional factors do have a strong influence – their policy on resits, as well as the initiatives they take to prevent poor outcomes (e.g. ringing up those who have not attended a session) will affect outcomes.
- 5.51 One institution promoted action on a number of fronts to address the problems of students who do not complete courses. They respond promptly to non-attendance (through specifically tasked staff), have improved staff training for dealing with

difficult behaviour, use 'Retention Action Teams', collect good student data. They have seen considerable improvements in staying on rates since the project started.

- 5.52 It is, however, interesting that LSDA research has recently found little correlation between WP funding levels and low retention/achievement outcomes (at an institutional level). The actions taken by institutions to address these areas should after all be having an impact. Some institutions with high levels of disadvantaged students are showing good retention, but not as good achievement; others are shown the reverse. This probably shows the focus of institutional policy, or the effectiveness of their choice of initiatives (given that no institution can fully use them all), or the changing needs and priorities of their student populations.
- 5.53 For this study, we are including the full costs of initiatives which are considered by experienced institutional managers to be effective in maintaining good retention and achievement levels. Therefore, we will not be including any cost from lower retention or higher numbers of (unfunded) resits arising in the disadvantaged student populations, as these should already been addressed.

### 6 ILLUSTRATIVE COSTS

Which activities should be costed?

- 6.1 In chapter 5, we set out a ‘standard’ set of good practice activities to support disadvantage. Of course, institutions will choose which additional activities to do and what level they are done at influenced by their circumstances and resources. Not all of this activity would justify additional funding.
- 6.2 The criteria we have used in deciding which activities to cost are to limit this to those which:
- 1) are ‘more than core’ (i.e. not already being done for all students);
  - 2) necessarily and actually take place;
  - 3) are not being funded under other funding initiatives/streams;
  - 4) are not addressed better by other mechanisms;
  - 5) are undertaken by a significant number of institutions.
- 6.3 In general the evidence base on these costs is limited, for example:
- a) there are some statements made in the sector that are not easily verified. For example the general perception of small groups being required for disadvantaged students, as discussed above – there is no clear evidence on this;
  - b) there is a lack of consensus on how some of these initiatives should be designed (there is no standard specification for teaching). For example, there are pedagogical differences of opinion – forms of assessment; hours of lecturer contact; minimum/maximum group sizes;
  - c) the level of activities required will vary from FEC to FEC. For example, work in promoting engagement will depend on the strength of community groups.
- 6.4 For these reasons, the assumptions we have made, although we judge them to be reasonable based on the information we have, could be replaced by others to produce equally valid results. We therefore emphasise that the costing is necessarily illustrative. It does however provide a reasonable overview of the likely levels of costs in this area.
- 1) ‘more than core’**
- 6.5 Some activity to address disadvantage is arguably core and being done anyway (e.g. needs analysis; outreach; flexible recognition of prior achievement and progression frameworks; multi-campus provision; security; etc). Some of the good practice identified in chapter 5 should be core in that it arguably should be widely introduced for all students (but in practice this may not be possible because it is too costly).

- 6.6 To try to identify core activity, we tested the criterion: ‘would you do the activity without the funding; without the disadvantaged students?’. However, this is difficult for colleges to answer. For many, disadvantaged students are the target population of the FEC (and there is no choice to go to other potential groups). Some institutions commented that they were providing the additional support to disadvantaged students before funds for WP were specifically identified. Kennedy specifically states that strategies and actions for widening participation should be central to the college activity and not reliant on marginalised special initiatives.
- 6.7 We conclude that there are some specific aspects of support for widening participation that are not part of core activities and without disadvantaged students, would not be carried out. These can be identified and costed (e.g. fees remission not funded through FEFC). Other activities will be part of core institutional activity, but will incur additional costs to address the needs of disadvantage (e.g. planning). Although this increment cannot be quantified, it would be reasonable to use some high-level assumptions for illustrative purposes. For example, the additional work in planning for disadvantage provision might be assumed to equate to two managers in a FEC (with significant numbers of disadvantaged students) at an additional cost of £80k.

### **2) Necessarily take place**

- 6.8 The activities included in the full list of good practice will not all be achieved by many institutions, although, arguably they should be. Therefore we have included all those that are deemed good practice, as long as, to the best of our knowledge, there are examples of them in the sector.

### **3) Not being funded elsewhere**

- 6.9 This study is interested in costs that are/should be funded under WP. But funding is not ring-fenced, and there is significant overlap. This can be seen from the examples in Table 2.
- 6.10 The ASM as used by FEFC is a good example of this. The ASM covers the needs of individuals, including those with learning difficulties. However, disadvantaged students have ‘learning difficulties’ almost by definition.
- 6.11 This is illustrated in the development of the LSC’s new Additional Social Needs (ASN) funding method. To obtain additional funding, institutions must confirm that a student has needs arising from ‘2 of 9’ of a list of nine that includes the following:
- recent/current offending behaviour;
  - poor/erratic attendance during last year of education/excluded from school/ no record of school;
  - unsupportive/unsupported home environment (including care leavers/carers);
  - significant problems with confidence/self-esteem;

- significant problems with motivation/attendance (on programme);
  - attitudinal/behavioural problems;
  - significant problems with communication and interaction.
- 6.12 Although the ASM is meant to focus on the needs of the individuals, it is just not possible to divorce this entirely from the needs that are experienced by most students from similar backgrounds. The words ‘motivation’, ‘attendance’, etc were used in the context of describing disadvantage, in chapter 2. The additional social support provided to students to address these needs includes many activities which are part of the WP support. For example: “additional review, frequent contact with staff, counselling ...” (*LSC Operations Guide*)
- 6.13 Some costs are clearly relevant only to ASM (not WP) – e.g. additional staff in attendance supporting a student with particular disabilities; however, others are not - group sizes, additional tutorials, counselling etc. The FEFC has tried to clarify this: (*circular 99/01*) “where the majority of students in a group appear to require additional help to succeed on their learning programme, this should be addressed within the design and delivery of the main learning programme or by reconsidering the choice of programme for these students rather than by applying the additional support mechanism.” (except for discrete groups of students with learning difficulties and/or disabilities).
- 6.14 But the ambiguity and overlap remains. ASM for example, will specifically fund “additional teaching – either to reduce class sizes or to provide out-of-class support”, and this of course is one of the main areas of support required for disadvantaged students, theoretically provided under the WP uplift funding.
- 6.15 This has meant considerable scope for institutions to define what costs to claim under ASM, and what to leave as (potentially at least) allocable to WP. One institution felt that all the costs of disadvantage could be covered under the ASM, and there should be no WP factor. (That institution has no WP funding, but has what it defines to be disadvantaged students, and covers their support through ASM claims.)
- 6.16 Other potential funding overlaps include:
- there is scope for engagement activities to be funded by other bodies – ESF etc. However, these funds often need need matching funding; they are often seed-corn and time-limited (they therefore need institutional funds to continue); and in any event, the monies available are probably insufficient in many areas;
  - there is money available through FEFC initiatives funding – e.g. strategic partnerships. This is relatively small, but LSC is continuing a local initiatives fund (allocated to local LSCs) for which disadvantage is a significant justification;
  - there are other initiatives which could provide funding – e.g. the Social Exclusion Unit’s proposals for Local Strategic Partnerships; the Department of Environment, Transport and the Regions (DETR) Community Strategies; the DfEE Learning Partnerships;

- basic skills and ESOL funding by FEFC (often smaller groups, and often attended by disadvantaged students);
  - financial support via FEFC – access funds, childcare, residential costs, travel costs, fees remission, (or support provided in these areas through other agencies).
- 6.17 For the purposes of this study we have not included costs of support/initiatives that are clearly funded by some other mechanism.
- 4) Could not be better addressed by other (new) mechanisms (or addressed equally by less costly mechanisms)**
- 6.18 The causal factors behind disadvantage were discussed in chapter 2. Of course addressing these would remove or reduce the need for support in FECs. For example:
- improving investment in schools;
  - increasing the availability of jobs (improving the employment situation).
- 6.19 Other action, external to the FECs has significant impact on the costs of disadvantage to the FEC – e.g. support to community groups; New Deal; the introduction of the education maintenance allowances.
- 6.20 We have assumed that current national policies on school education, employment levels etc, continue and that any changes do not impact on the costs under this study.
- 5) and ideally, should be undertaken by significant number of like institutions**
- 6.21 Even if an activity meets the first four criteria, it will not do so in every institution. For example, legitimate variations and examples will include:
- different strategic plans for engaging with communities;
  - institutions dealing with significant proportions of ‘disadvantaged’ students that have different strengths in retention, others in achievement levels – presumably reflecting different policies and practices;
  - particular initiatives invented/rediscovered locally (Knowsley College’s ‘value added’; Lewisham College’s ‘study buddies’, learning volunteers, events programmes, learning facilities, particular community initiatives);
  - different resource allocation & management policies (e.g. towards franchising outreach provision; use of contract or own staff; etc);
  - different educational policies – e.g. on resits.

### Costing method

- 6.22 In the light of the above, we have looked at each of the activities to support retention and achievement listed in chapter 5, and have made assumptions about the legitimate additional costs to be attributed to each. We believe that this is the best that can be done at the present time (without a much more extensive research programme), and that it is a reasonable approach to illustrate the general magnitude and relative importance of different cost elements.
- 6.23 However, it is right to point out that there are a number of methodological and costing issues about this approach which make it inappropriate to use it for more precise purposes. These general issues include the following:
- many costs are fixed – they do not vary by the number of students even within broad ranges e.g. physical facilities, marketing, management costs. Staff costs are also fixed to a degree – one additional tutorial may mean that staff are working harder, not that additional costs are being incurred;
  - economies of scale – the size of the institution and assumptions about the number of disadvantaged students will impact on the cost per student;
  - the lack of a specification for what is being costed;
  - it is not possible to use ‘marginal’ techniques as there is no set ‘standard cost base’ onto which the additional costs should be added;
  - it is not possible to refer back before the WP funding was brought in, as so much has changed during that time – in funding in both FE and other areas (housing rules, benefits, etc);
  - care needs to be taken when comparing costs that are expressed as a % of ‘base costs’ or base funding per student. The base costs might be weighted to take account of more expensive subjects, or of geographical cost factors. If two students require the same resources to help counter their disadvantage (i.e. the same absolute costs can be calculated), a lower calculated % would be shown for a student taking science, in a metropolitan city, than that for another student in a classroom-based subject in a rural college.
- 6.24 There are in addition, issues specific to costing activities used to promote engagement:
- there is no specification of the activities required, and no direct short-term relationship between activities and educational outcomes arising from them. (Colleges could spend considerable sums with benefits only showing up later.)
  - costs are not a factor of the number of current students, so a cost per current student is meaningless. These costs are a factor of the potential student population;



- rather than need, costs are dictated more from as a (budget-constrained) spend for a given (priority) group;
  - part-time students exacerbate problems of expressing funding in % terms: a 6 or 12% uplift on 3 hours attendance (say) is clearly insufficient to cover costs of attracting them;
  - spend on promoting engagement is really an investment, not a cost, and need to be estimated or planned (not calculated) in an appropriate manner (e.g. on a basis of market research and as a probability-based business plan).
- 6.25 Overall, costing in this area suffers from a poor quality of data, exacerbated by the problems of definition of disadvantage and ASM etc. There was no way round this within the timescale of this study, therefore we took a practical approach.
- 6.26 Our assumptions were based on our best judgements based on an amalgam of information (from institutions and written material) and tested through one case study undertaken by an institution visited during the study.

### Conclusions on costs

- 6.27 Our aim was to cost the percentage additional cost of the support as factor of 'base cost'. Base cost could be assumed at 150 units \* £17.20 i.e. broadly £2,600 (ignoring any cost weighting from subjects or geography).
- 6.28 Our main assumptions are highlighted in bold. We have used the following general assumptions:
- **base cost of a student 150 units \* £17.20 i.e. £2,600**
  - **institutional income £5m, i.e. 2000 FT students**
  - **of which half are disadvantaged i.e. 1000 students**
  - **staff costs are 60% of total costs**
  - **estates and library costs are 10% of total costs**
  - **managers/senior lecturers annual cost of £40k including on-costs, excluding overheads**
  - **lecturers annual cost of £25k including on-costs, excluding overheads**
  - **staff are available to work on institutional activities for 220 days a year (7 hours a day)**
  - **additional staff costs incur an additional overhead cost of 50%**

### Retention and achievement

6.29 For the costs of retention and achievement we have referred to the main activity headings given in Chapter 5.

- i) Planning/infrastructure  
**if assumed to be 2 managers £80k + additional costs of security say £40k**  
 $\text{£120k}/1000 \text{ students} = \text{£120}$   
 $\text{£120}/\text{£2600} = 4.5\%$   
increase on disadvantaged student cost of 4.5%
- ii) curriculum structure and educational framework  
if assume no additional costs of this type of structure  
but additional training and development costs  
**say 5 days per lecturer p.a.**  
 $5/220 = 2.3\%$   
staff costs are 60% total costs so  $2.3 \times .6 = 1.4$   
increase on disadvantaged student cost of 1.5%
- iii) admissions process  
**if assume 2 hours (lecturer) extra per student p.a. = £32**  
 $32/2600 = 1.2\%$   
increase on disadvantaged student cost of 1%
- iv) induction  
**if assume another lecturer hour per student p.a. = £16**  
 $16/2600 = 0.6\%$   
increase on disadvantaged student cost of 1%
- v) tutoring  
**if assume additional 40 mins per term per student, i.e. 2 hours pa (lecturer) = £32**  
 $32/2600 = 1.2$   
increase on disadvantaged student cost of 1.5%
- vi) pastoral support  
**if assume an additional 1/2 hour per term per student**  
 $\text{£16}/2 \times 3 = \text{£24}$   
increase on disadvantaged student cost of  $24/2600$  i.e. 1%
- vii) financial support  
**if assume £15k 'hardship fund' in institution (not specifically funded) (£300 for one in 20 disadvantaged students)**  
 $\text{£15k}/1000 \text{ students} = \text{£15}$   
increase on disadvantaged student cost of  $15/2600 = 0.5\%$

## THE COSTS OF DISADVANTAGE

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plus:

**if assume exemption from fees and examination fees at £100 per student**

$100/2600 = 3.8$

increase on disadvantaged student cost of 4%

viii) private study facilities

if assume existing estates and library costs are 10% (10% of £2600 is £260)

**and assume this adds 5% to these costs**

$5\% * £260 = £13$

increase on disadvantaged student cost of  $13/2600 = 0.5\%$

ix) reduced group sizes

**assume nil** on the grounds that group sizes are not actually reduced

x) costs of not-achieving

**assume nil** as explained in chapter 5

TOTAL additional direct cost for supporting retention and achievement: 15.5%

which, together with overheads (on staff element):

totals **20%**

### Engagement

6.30 To this should be added the costs of promoting engagement. It is not possible to assess need/specification as this is particular to the circumstances of each small community where there are potential students, as well as dependent upon activities already taking place (e.g. strength of community groups, initiatives funded elsewhere).

6.31 As already noted, this element is not logically best represented as a cost per existing student. However, to enable comparison with the existing WP uplift, by way of illustration, we could use the following assumptions:

**A unit of one professional and two support staff members - £80k**

**additional costs (unfunded outreach delivery, travel, accommodation, overtime etc) - £40k**

$£120k/1000$  students i.e. £120

increase in the cost of an existing disadvantaged student  $120/2600 = 5\%$

6.32 This describes a small outreach unit (but in practice colleges with a bigger one may have many of the staff funded from other sources).

### **Total costs of disadvantage**

- 6.33 **The sum of the costs of supporting retention/achievement, and promoting engagement, means that the theoretically required funding increment is 25%.**
- 6.34 This figure is particularly sensitive to:
- the activities deemed to be carried out;
  - the time spent in carrying them out (that is not being covered by other funding);
  - the number of disadvantaged students in the institution.
- 6.35 The calculation is based on a subject with a cost weighting of A, and based in a rural area. A student taking a subject with a higher cost weighting, or in a city, will show a lower % (although we found nothing to indicate that the absolute cost total would not be the same).
- 6.36 As already noted, all the above assumptions could be challenged, and some colleges will be spending significantly different amounts on some of these elements. A FEC independently calculated the costs of disadvantage, using broadly the same definitions and activity breakdowns as given above. Their findings supported the analysis and conclusions given above. This case study can be summarised as follows:

A college with a large cohort of 'disadvantaged students' (some 2/3 of their total FEFC-funded units) separately calculated some of the additional costs of supporting these students once they had joined the mainstream offer i.e. no recruitment or outreach costs. Any learner or learning support provision which currently attracts discrete funding (Additional Support Mechanism, Access Fund, etc) was excluded from the calculation.

Using similar headings as above, they calculated the cost of disadvantage to be broadly **21%** of disadvantaged students funding. This figure excludes lost fees and indirect costs. It is calculated on a base that includes all subject weightings. If they were to add indirect costs at an assumed 50% of direct staff costs then the percentage would be broadly calculated to be **26%.**

- 6.37 For the costs of retention and achievement only, we believe that, taken together, the above represents a reasonable view of what an average college, "should" be spending if it falls broadly within the parameters defined in paragraph 6.24.
- 6.38 Our assumptions could not be substantiated with a firm evidence base. However, further analysis along the lines of the above case study could be undertaken. A small managed survey of a group of suitable colleges could validate the cost model and its assumptions. This would require an invitation to participate, a briefing paper and workshop, a questionnaire for completion by institutions, analysis and a report.

## THE COSTS OF DISADVANTAGE

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- 6.39 For the costs of promoting engagement there is scope for LSDA to make a significant contribution to the professionalism and practice in this area through a longitudinal study of activities, costs and outcomes in addressing the needs of disadvantaged communities.
- 6.40 This would be an equally useful method for providing information on the costs and effectiveness of different measures that colleges do and might use to support disadvantage within their institution.
- 6.41 Both these surveys would be particularly valuable if they were at an institution/strategic level – not just focussing on one particular project in one area of activity, as much of the existing research has done.

## APPENDIX A

### INDIVIDUALS INTERVIEWED

Interviews were held with representatives and staff from the following organisations:

City of Bristol College  
Hackney Community College  
Joseph Chamberlain 6<sup>th</sup> Form College, Birmingham  
Knowsley Community College  
Lewisham Community College  
The City Literacy Institute  
Trowbridge College

LSDA  
FEFC  
DfEE  
Association of Colleges

## APPENDIX B

### REFERENCES

The following material was of particular use in this study.

#### **The Further Education Funding Council.**

*Circulars: 99/01 Tariff 1999-2000; 99/02 Arrangements for Students with Learning Difficulties and/or Disabilities Requiring Provision in 1999-2000; 99/47 Monitoring Growth 1998-99; 00/03 Funding Guidance 2000-01; 00/11 Funding – New Arrangements for Adult Learners.*

*Funding Flows and Business Processes: The Council's Response to consultation by The Learning Skills Council: July 2000.*

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*Chief Inspector's Annual Report: Quality and Standards in Further Education in England 1999-2000*

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*Measuring Education Deprivation at the local level in England and Wales*: A report by the Department of Social Policy and Social Work University of Oxford (draft: not for quotation): September 2000

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*Models of Integration: A Report on Principles of Effectiveness in Vocational Training for the Long-term Unemployed*: Matthew Crighton: Economic Development Division, City of Edinburgh District Council: January 1996.

What's Worked for the Long-term Unemployed? Matthew Crighton: Local Economy: February 1998.



APPENDIX C

**Table 1: List of proxies or indicators of disadvantage used by different groups**





